



## **Bonneville Power Administration Benefit-Cost Sensitivities Talking Points**

### **Background**

Tabors Caramanis & Associates recently completed a benefit cost study for RTO West Filing Utilities.\* The study shows a positive benefit to the Northwest with RTO West. At its customers' request, BPA contracted with TCA for follow on work to identify how those benefits are distributed. The status of that work is as follows:

### **Results of Analysis**

The base case shows how the benefits break out between Alberta, British Columbia, the California ISO region, the Rocky Mountains, RTO West, and the West Connect region. The net impact in the RTO West region is \$295 million. This is by far the largest positive impact on any of the regions examined. Analysis of the CAISO region showed the only net negative impact in the amount of \$10 million.

TCA has completed the sensitivity runs associated with the BPA Benefit Cost follow on work. Sensitivity studies included an RTO West \$2/MWh Wheel Out Rate (reduced from \$3.80) scenario, a High Water/ Average Gas Prices scenario, a Spinning Reserve Opportunity Cost Analysis based on thermal unit costs, and an RTO without BPA case.

The \$2 wheel out rate case showed no significant change in overall benefits while shifts of approximately \$200 million occurred between load payments and generators. The High Water case showed a reduction of \$97 million in net benefits for RTO West due to the overall drop in energy prices. The Spinning Reserve case showed no change in net benefits. The Without BPA case showed a reduction of benefits in the RTO West region from \$295 to \$194 million.

TCA has also provided the annual average energy prices for the base case and sensitivities as well as the average prices by the load zone groups provided by BPA's customer groups. From these results parties should be able to determine energy impacts on their individual portfolios.

TCA and BPA are still working to assess the mechanisms for, and usefulness of, determining the overall impact on BPA. Accurately doing so requires a detailed accounting of BPA's load and resource obligations, by location and on a basis more detailed than annual. Given BPA's extensive customer and resource base, this impact extends beyond BPA's control area itself.

TCA expects to be able to propose a mechanism for this activity by early next week, at which time BPA can determine whether results will be satisfactory enough to proceed and, if applicable, a time line for completing the BPA-specific assessment.

Our first meeting with the customers to discuss these results is scheduled for Tuesday, April 2. The results should be considered preliminary until we have had a chance to review the report in more detail.

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\* RTO West Filing Utilities: Avista, BC Hydro, Bonneville Power Administration, Idaho Power, Montana Power, PacifiCorp, Portland General Electric, Puget Sound Energy, Nevada/Sierra Pacific Power